

Procedure for Assessing Business Personal Property

In 2005, §137.122, RSMo was enacted into law to provide for uniform assessment of business personal property beginning in 2007 for property put into service after January 1, 2006. To establish the assessment under that section, the following process must be followed:

1. The original cost paid by the current owner, less freight, installation, and sales or use taxes and date of purchase is reported by the owner. Assessors may access sample forms at www.moassessorsassn.org/ in the “Assessor Use Only” section.
2. The Class Life and Recovery period is determined by using IRS Publication 946, Appendix B, Table B-1 & B-2 – Table of Class Lives and Recovery Periods (see cite to IRS internet source below).
3. The assessor applies the proper depreciation schedule found in §137.122.3, RSMo, by applying the years since acquisition and the appropriate recovery period to determine the appraised value.
4. The appraised value is multiplied by the statutory assessment level for personal property, 33 1/3% to establish the assessed value.

Example: To determine the 2007 value of a special mold used for manufacturing motor vehicles, bought in February 2006 for \$100,000 the process would be as follows:

1. The cost and acquisition date is reported by the owner.
2. A recovery period of 3 years is determined (Asset Class 37.2) by using Publication 946.
3. Because the statute instructs that “the percentage shown for the first year shall be the percentage of the original cost used for January first of the year following the year of acquisition,” a depreciation factor of 75% is used. In other words, by using the table in section 137.122.3, and applying a Recovery Period 3 and using Year 1, 75% is indicated. Then multiply 75% by the cost, \$100,000, for an appraised value of \$75,000.
4. Multiply \$75,000 by 33 1/3% (the assessment level) to determine an assessed value of \$25,000.

Determining Recovery Periods Under §137.122, RSMo

To assess business personal property (BPP) pursuant to §137.122, RSMo, an assessing officer must determine the recovery period for each item. The Class Lives and Recovery Periods found in IRS Publication 946, Appendix B, Table B-1 & B-2 – Table of Class Lives and Recovery Periods provide the information necessary to establish these recovery periods. They are identified as GDS (MACRS) in Publication 946, where a detailed description of each of the asset classes can be found. To determine exactly how BPP should be depreciated, it is necessary to read the exact description from Publication 946, pages 98 through 107. An Adobe-Acrobat Reader is required to view, download, or print the publication. To access Publication 946, go to www.irs.gov/pub/irs-pdf/p946.pdf,

The State Tax Commission, utilizing IRS Publication 946, provides a quick reference in two formats below:

1. List of BPP Groups by Recovery Period The recovery periods established by §137.122, RSMo are 3, 5, 7, 10, 15 and 20 years. Accordingly, the first listing covers various groups of BPP organized by the length of the recovery periods applicable under MACRS. The depreciation factors (percent good of price paid by current owner for the item without freight, installation, or sales or use tax) established by §137.122, RSMo applicable to each group are also provided. The percent good factor is simply determined by matching the recovery period with the years since placed in service.

2. Alphabetical Listing of BPP Groups The second listing provides each type of property alphabetically followed by the *Asset Class* numbers and recovery period for that type of asset.

NOTE: The listings below are abbreviated versions of the more detailed descriptions found in Publication 946. That publication must be consulted to accurately determine recovery periods.

LIST OF BUSINESS PERSONAL PROPERTY GROUPS BY RECOVERY PERIOD

3 Year

Business Personal Property with 3 Year Recovery Period

Property within the 3 year recovery period is depreciated by years in service as follows:

Year 1 – 75%; Year 2 – 37.5%; Year 3 – 12.5%; Year 4 and Subsequent Years – 5%

BPP falling in this recovery period are listed below, followed by the identifying Asset Class number from Publication 946.

BPP used in the manufacture of:

1. **Food and Beverages** – Special Handling Devices (Asset Class 20.5)
2. **Rubber Products** – Special Tools and Devices (Asset Class 30.11)
3. **Finished Plastic Products** – Special Tools (Asset Class 30.21)
4. **Glass Products** – Special Tools (Asset Class 32.11)
5. **Fabricated Metal Products** – Special Tools (Asset Class 34.01)
6. **Motor Vehicles** – Special Tools such as jigs, dies, molds, etc., used in the manufacture of motor vehicles (Asset Class 37.2)

5 Year

Business Personal Property with 5 Year Recovery Period

Property within the 5 year recovery period is depreciated by years in service as follows:

Year 1 – 85%; Year 2 – 59.5%; Year 3 – 41.65%; Year 4 – 24.99%; Year 5 and Subsequent Years – 10%

BPP falling in this recovery period are listed below, followed by the identifying Asset Class number from Publication 946.

1. **Information Systems and Data Handling Equipment (Including Computers)** used in all business activities for administering normal business transactions and the maintenance of business record (Asset Class 00.12 & 00.13)
2. **Trailers and Trailer-Mounted Containers** (Asset Class 00.27)
3. Assets used in **Construction** (Asset Class 15.0)
4. Assets used in **Cutting of Timber** (Asset Class 24.1)
5. Assets used in **Sawing of Dimensional Stock from Logs** when sawmill is on temporary foundation (Asset Class 24.3)
6. Any **Semiconductor Manufacturing Equipment** (Asset Class 36.1)
7. **Ship and Boat Building** – Special Tools (Asset Class 37.33)
8. **Computer-based Telephone Central Office Switching Equipment** (Asset Class 48.121)
9. **Radio and Television Broadcastings** – Telegraph, Ocean Cable and Satellite Communications (TOCSC)(Asset Class 48.2)
10. **Satellite Space Segment Property** (TOCSC) (Asset Class 48.37)
11. **CATV** – Program Origination (Asset Class 48.43)
12. **CATV** – Service and Test (Asset Class 48.44)
13. **CATV** – Microwave Systems (Asset Class 48.45)
14. **Electric Utility Nuclear Fuel Assemblies** (Asset Class 49.121)
15. **Distributive Trades and Services** (Asset Class 57.0)

And assets used in the manufacture of:

16. **Knitted Goods** (Asset Class 22.1)
17. **Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies** (Asset Class 22.3)
18. **Textile Yarns** (Asset Class 22.4)
19. **Apparel** and Other Finished Products (Asset Class 23.0)
20. **Chemicals** and Allied Products (Asset Class 28.0)
21. **Primary Nonferrous Metals** – Special Tools used in the smelting and refining of nonferrous metals. (Asset Class 33.21)
22. **Electronic Components, Products, and Systems** (Asset Class 36.0)

7 Year

Business Personal Property with 7 Year Recovery Period

Property within the 7 year recovery period is depreciated by years in service as follows:

Year 1 – 89.29%; Year 2 – 70.16%; Year 3 – 55.13%; Year 4 – 42.88%; Year 5 – 30.63%; Year 6 – 18.38%; Year 7 and subsequent years – 10.00%.

BPP falling in this recovery period are listed below, followed by the identifying Asset Class number from Publication 946.

1. **Office Furniture, Fixtures and Equipment** used in all business activities such as desks, files, safes and communications equipment, does not include communications equipment in other classes (Asset Class 00.11)

2. **Cotton Ginning Assets** (Asset Class 1.11)
3. **Mining** assets used in the mining and quarrying of metallic and nonmetallic minerals (Asset Class 10)
4. Assets used in **Sawing of Dimensional Stock from Logs when sawmill is on permanent foundation or well-established.** (Asset Class 24.2)
5. Assets used in **Ship and Boat Building Machinery and Equipment** (Asset Class 37.31)
6. Assets used in **Printing, Publishing, and Allied Industries** (Asset Class 27.0)
7. **Railroad Machinery and Equipment** (Asset Class 40.1)
8. **Railroad Track** (Asset Class 40.4)
9. Assets used in **Air Transport** (Asset Class 45.0)
10. **Telephone Station Equipment** (Asset Class 48.13)
11. **Telegraph, Ocean Cable, and Satellite Communications (TOCSC) – High Frequency Radio and Microwave Systems** (Asset Class 48.32)
12. **Computerized Switching, Channeling, and Associated Control Equipment (TOCSC)** (Asset Class 48.35)
13. **Telegraph, Ocean Cable, and Satellite Communications (TOCSC)** (Asset Class 48.36)
14. **Equipment Installed on Customer's Premises (TOCSC)** (Asset Class 48.38)
15. **TOCSC – Support and Service Equipment – Cable Television (CATV)** (Asset Class 48.39)
16. **CATV – Headend** (Asset Class 48.41)
17. **CATV – Subscriber Connection and Distribution Systems** (Asset Class 48.42)
18. **Gas Utility Substitute Natural Gas (SNG) Production Plant** (Asset Class 49.222)
19. **Natural Gas Production Plant** (Asset Class 49.23)
20. **Waste Reduction and Resource Recovery Plants** (Asset Class 49.5)
21. **Recreation** (Asset Class 79)
22. **Theme and Amusement Parks** (Asset Class 80.0)

And, assets used in the Manufacture of:

23. **Other Food and Kindred Products** (Asset Class 20.4)
24. **Tobacco and Tobacco Products** (Asset Class 21.0)
25. **Yarn, Thread and Woven Fabric** (Asset Class 22.2)
26. **Non-woven Fabrics** (Asset Class 22.5)
27. **Wood Products, and Furniture** (Asset Class 24.4)
28. **Pulp and Paper** (Asset Class 26.1)
29. **Converted Paper, Paperboard and Pulp Products** (Asset Class 26.2)
30. **Rubber Products** (Asset Class 30.1)
31. **Finished Plastic Products** (Asset Class 30.2)
32. **Leather and Leather Products** (Asset Class 31.0)
33. **Glass Products** (Asset Class 32.1)
34. **Other Stone and Clay Products** (Asset Class 32.3)
35. **Primary Nonferrous Metals, special tools used in the manufacture of** (Asset Class 33.2)
36. **Foundry Products** (Asset Class 33.3)
37. **Primary Steel Mill Products** (Asset Class 33.4)
38. **Fabricated Metal Products** (Asset Class 34.0)
39. **Electrical and Non-electrical Machinery and Other Mechanical Products** (Asset Class 35.0)

40. **Motor Vehicles, assets used in the manufacture of** (Asset Class 37.11)
41. **Aerospace Products** (Asset Class 37.2)
42. **Locomotives** (Asset Class 37.41)
43. **Railroad Cars** (Asset Class 37.42)
44. **Athletic, Jewelry, and Other Goods** (Asset Class 39.0)

10 Year

Business Personal Property with 10 Year Recovery Period

Property within the 10 year recovery period is depreciated by years in service as follows:

Year 1 – 92.50%; Year 2 – 78.62%; Year 3 – 66.83%; Year 4 – 56.81%; Year 5 – 48.07%; Year 6 – 39.33%; Year 7 – 30.59%; Year 8 – 21.85%; Year 9 and subsequent years – 15.00%

Business personal property falling in this recovery period are listed below, followed by the identifying Asset Class number from Publication 946.

1. **Vessels, Barges, Tugs, and Similar Water Transportation Equipment**, except those used in marine construction (Asset Class 00.28)
2. **Petroleum Refining** (Asset Class 13.3)
3. **Telephone Central Office Equipment** (Asset Class 48.12)
4. **TOCSC – Electric Power Generating and Distribution Systems** (Asset Class 48.31)
5. **TOCSC – Central Office Control Equipment** (Asset Class 48.34)

And assets used in the Manufacture of :

6. **Grain and Grain Mill Products** (Asset Class 20.1)
7. **Vegetable Oils and Vegetable Oil Products** (Asset Class 20.3)
8. **Ship and Board building Dry Docks and Land Improvements** (Asset Class 37.32)
9. **Sugar and Sugar Products** (Asset Class 20.2)
10. **Substitute Natural Gas – Coal Gasification** (Asset Class 49.223)

15 Year

Business Personal Property With 15 Year Recovery Period

Property within the 15 year recovery period is depreciated by years in service as follows:

Year 1 – 95.00%; Year 2 – 85.50%; Year 3 – 76.95%; Year 4 – 69.25%; Year 5 – 62.32%; Year 6 – 56.09%; Year 7 – 50.19%; Year 8 – 44.29%; Year 9 – 38.38%; Year 10 – 32.48%; Year 11 – 26.57%; Year 12 – 20.67%; Year 13 and subsequent years – 15.00%

Business personal property falling in this recovery period are listed below, followed by the identifying Asset Class number from Publication 946.

1. Assets used in the **Manufacture of Cement** (Asset Class 32.2)
2. **Railroad Nuclear electric Generating Equipment** (Asset Class 40.52)
3. **Water Transportation** (Asset Class 44.0)

20 Year

Business Personal Property With 20 Year Recovery Period

Property within the 20 year recovery period is depreciated by years in service as follows:

Year 1 – 96.25%; Year 2 – 89.03%; Year 3 – 82.35%; Year 4 – 76.18%; Year 5 – 70.46%; Year 6 – 65.18%; Year 7 – 60.29%; Year 8 – 55.77%; Year 9 – 51.31%; Year 10 – 46.85%; Year 11 – 42.38%; Year 12 – 37.92%; Year 13 – 33.46%; Year 14 – 29.00%; Year 15 – 24.54%; Year 16 – 20.08; Year 17 and subsequent years– 20.00%

1. **Railroad Hydraulic Electric Generating Equipment** (Asset Class 40.51)
2. **Railroad Steam Electric Generating Equipment** (Asset Class 40.53)
3. **Railroad Steam, Compressed Air and Other Power Plant Equipment** (Asset Class 40.54)
4. **TOCSC – Cable and Long Line Systems** (Asset Class 48.33)
5. **Electric, Gas, Water and Steam, Utility Services; Electric Utility Hydraulic Production Plant; Electric Utility Steam Production Plant; Electric Utility Transmission and Distribution Plant; Gas Utility Distribution Facilities; Gas Utility Manufactured Gas Production Plants; Water Utilities & Central Steam Utility Production and Distribution** (Asset Classes 49.11, 49.13, 49.14 49.21, 49.221, 49.3, 49.4 & 51)

ALPHABETICAL LISTING **OF BUSINESS PERSONAL PROPERTY GROUPS**

Aerospace Products (Asset Class 37.2) —7 years

Air Transport, assets used in (Asset Class 45.0) —7 years

Apparel and Other Finished Products, assets used in the manufacture of, (Asset Class 23.0) —5 years

Athletic Goods, Jewelry, and Other Goods (Asset Class 39.0) —7 years

Broadcasting--Radio and Television Broadcastings—See section 137.078, RSMo for assessment of broadcasting equipment.

CATV – Headend (Asset Class 48.41) —7 years

CATV – Microwave Systems (Asset Class 48.45) —5 years

CATV – Program Origination (Asset Class 48.43) —5 years

CATV – Service and Test (Asset Class 48.44) —5 years

CATV – Subscriber Connection and Distribution Systems (Asset Class 48.42) —7 years

CATV-- Support and Service Equipment – Cable Television (Asset Class 48.39) —7 years

Cement, assets used in the manufacture of (Asset Class 32.2) —15 years

Chemicals and Allied Products, assets used in the manufacture of (Asset Class 28.0) —5 years

Computers--Information Systems and Data Handling Equipment used in all business activities for administering normal business transactions and the maintenance of business records (Asset Class 00.12 & 00.13)—5 years

Construction, assets used in (Asset Class 15.0) —5 years

Converted Paper, Paperboard and Pulp Products, assets used in the manufacture of (Asset Class 26.2) —7 years

Cotton Ginning Assets (Asset Class 1.11) —7 years

Distributive Trades and Services (Asset Class 57.0) —5 years

Electric Utility Nuclear Fuel Assemblies (Asset Class 49.121) —5 years

Electric Utility—See, Utilities

Electrical and Non-electrical Machinery and Other Mechanical Products (Asset Class 35.0) —7 years

Electronic Components, Products, and Systems, assets used in the manufacture of (Asset Class 36.0) —5 years

Fabricated Metal Products – Special Tools (Asset Class 34.01)—3 years

Fabricated Metal Products, assets used in the manufacture of (Asset Class 34.0) —7 years

Finished Plastic Products – Special Tools (Asset Class 30.21)—3 years

Finished Plastic Products, assets used in the manufacture of (Asset Class 30.2) —7 years

Food and Beverages – Special Handling Devices (Asset Class 20.5) 3 years

Food and Kindred Products, assets used in the manufacture of (Asset Class 20.4) —7 years

Foundry Products (Asset Class 33.3) —7 years

Gas Utility Substitute Natural Gas (SNG) Production Plant (Asset Class 49.222) —7 years

Gas Utility—See, Utilities

Glass Products – Special Tools (Asset Class 32.11)—3 years

Glass Products, assets used in the manufacture of (Asset Class 32.1) —7 years

Grain and Grain Mill Products, assets used in the manufacture of (Asset Class 20.1) —10 years

Information Systems and Data Handling Equipment used in all business activities for administering normal business transactions and the maintenance of business records (Asset Class 00.12 & 00.13)—5 years

Knitted Goods, assets used in the manufacture of (Asset Class 22.1)—5 years

Leather and Leather Products, assets used in the manufacture of (Asset Class 31.0) —7 years

Locomotives (Asset Class 37.41) —7 years

Metals--Fabricated Metal Products – Special Tools (Asset Class 34.01)—3 years

Metals--Fabricated Metal Products, assets used in the manufacture of (Asset Class 34.0) —7 years

Metals--Primary Nonferrous Metals, special tools, such as dies jigs, molds, etc., used in the manufacture of (Asset Class 33.21) —5 years

Metals—Primary Nonferrous Metals, assets used in the smelting and refining of (Asset Class 33.2) —7 years

Mining assets used in the mining and quarrying of metallic and nonmetallic minerals (Asset Class 10)

Motor Vehicles – Special Tools such as jigs, dies, molds, etc., used in the manufacture of motor vehicles (Asset Class 37.2)

Motor Vehicles, assets used in the manufacture of (Asset Class 37.11)

Natural Gas Production Plant (Asset Class 49.23) —7 years

Non-woven Fabrics, assets used in the manufacture of (Asset Class 22.5) —7 years

Office Furniture, Fixtures and Equipment used in all business activities such as desks, files, safes and communications equipment, does not include communications equipment in other classes (Asset Class 00.11)—7 years

Paper--Converted Paper, Paperboard and Pulp Products, assets used in the manufacture of (Asset Class 26.2) —7 years

Parks--Theme and Amusement Parks (Asset Class 80.0) —7 years

Petroleum Refining (Asset Class 13.3) —10 years

Plastics--Finished Plastic Products – Special Tools (Asset Class 30.21)—3 years

Plastics--Finished Plastic Products, assets used in the manufacture of (Asset Class 30.2) —7 years

Primary Nonferrous Metals, special tools, such as dies jigs, molds, etc., used in the manufacture of (Asset Class 33.21) —5 years

Primary Nonferrous Metals, assets used in the smelting and refining of (Asset Class 33.2) —7 years

Primary Steel Mill Products (Asset Class 33.4) —7 years

Printing, Publishing, and Allied Industries, assets used in (Asset Class 27.0) —7 years

Production Plant; Electric Utility Steam Production Plant; Electric Utility Transmission and Distribution Plant; Gas Utility Distribution Facilities; Gas Utility Manufactured Gas Production Plants; Water Utilities & Central Steam Utility Production and Distribution (Asset Classes 49.11, 49.13, 49.14 49.21, 49.221, 49.3, 49.4 & 51) —20 years

Pulp and Paper, assets used in the manufacture of (Asset Class 26.1) —7 years

Railroad Cars (Asset Class 37.42) —7 years

Railroad Hydraulic Electric Generating Equipment (Asset Class 40.51) —20 years

Railroad Machinery and Equipment (Asset Class 40.1) —7 years

Railroad Nuclear electric Generating Equipment, assets used in the manufacture of (Asset Class 40.52) —15 years

Railroad Steam Electric Generating Equipment (Asset Class 40.53) —20 years

Railroad Steam, Compressed Air and Other Power Plan Equipment (Asset Class 40.54) —20 years

Railroad Track (Asset Class 40.4) —7 years

Railroads-- Locomotives (Asset Class 37.41) —7 years

Recreation (Asset Class 79) —7 years

Rubber Products – Special Tools and Devices (Asset Class 30.11) 3 years

Rubber Products, assets used in the manufacture of (Asset Class 30.1) —7 years

Satellite Space Segment Property (TOCSC) (Asset Class 48.37) —5 years

Sawing of Dimensional Stock from Logs, assets used in permanent or well-established sawmills (Asset Class 24.2) —7 years

Sawing of Dimensional Stock from Logs, assets used in sawmill on temporary foundation (Asset Class 24.3)—5 years

Semiconductor Manufacturing Equipment (Asset Class 36.1) —5 years

Ship and Boat Building Dry Docks and Land Improvements, assets used in the manufacture of (Asset Class 37.32) —10 years

Ship and Boat Building – Special Tools (Asset Class 37.33) —5 years

Ship and Boat Building Machinery and Equipment, assets used in (Asset Class 37.31) —7 years

Steel-Primary Steel Mill Products (Asset Class 33.4) —7 years

Stone and Clay Products, assets used in the manufacture of (Asset Class 32.3) —7 years

Substitute Natural Gas – Coal Gasification, assets used in the manufacture of (Asset Class 49.223) —10 years

Sugar and Sugar Products, assets used in the manufacture of (Asset Class 20.2) —10 years

Telegraph, Ocean Cable, and Satellite Communications, See, TOCSC

Telephone Central Office Equipment (Asset Class 48.12) —10 years

Telephone Station Equipment (Asset Class 48.13) —7 years

Telephone--Computer-based Telephone Central Office Switching Equipment (Asset Class 48.121) —5 years

Textile Yarns, assets used in the manufacture of (Asset Class 22.4) —5 years

Textiles-- Yarn, Thread and Woven Fabric, assets used in the manufacture of (Asset Class 22.2) —7 years

Textiles--Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies, assets used in the manufacture of (Asset Class 22.3) —5 years

Textiles—Non-woven Fabrics, assets used in the manufacture of (Asset Class 22.5) —7 years

Theme and Amusement Parks (Asset Class 80.0) —7 years

Timber, Assets used in **Cutting of Timber** (Asset Class 24.1) —5 years

Tobacco and Tobacco Products, assets used in the manufacture of (Asset Class 21.0) —7 years

TOCSC – Broadcasting Equipment (Asset Class 48.2) —5 years

TOCSC – Cable and Long Line Systems (Asset Class 48.33) —20 years

TOCSC – Central Office Control Equipment (Asset Class 48.34) —10 years

TOCSC – Electric Power Generating and Distribution Systems (Asset Class 48.31) —10 years

TOCSC – High Frequency Radio and Microwave Systems (Asset Class 48.32) —7 years

TOCSC-- Satellite Space Segment Property (TOCSC) (Asset Class 48.37) —5 years

TOCSC--Computerized Switching, Channeling, and Associated Control Equipment (Asset Class 48.35) —7 years

TOCSC--Equipment Installed on Customer's Premises (Asset Class 48.38) —7 years

TOCSC--Telegraph, Ocean Cable, and Satellite Communications (Asset Class 48.36)—7 years

Trailers and Trailer-Mounted Containers (Asset Class 00.27) —5 years

Utilities--Production Plant; Electric Utility Steam Production Plant; Electric Utility Transmission and Distribution Plant; Gas Utility Distribution Facilities; Gas Utility Manufactured Gas Production Plants; Water Utilities & Central Steam Utility Production and Distribution (Asset Classes 49.11, 49.13, 49.14, 49.21, 49.221, 49.3, 49.4 & 51) —20 years

Vegetable Oils and Vegetable Oil Products, assets used in the manufacture of (Asset Class 20.3)

Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction (Asset Class 00.28) —10 years

Waste Reduction and Resource Recovery Plants (Asset Class 49.5) —7 years

Water Transportation (Asset Class 44.0) —15 years

Water Utilities—See, **Utilities**

Wood Products, and Furniture, assets used in the manufacture of (Asset Class 24.4)—7 years

Yarn, Thread and Woven Fabric, assets used in the manufacture of (Asset Class 22.2) —7 years